



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

Sparrow PHP

NAIC Group Code

3408

3408

(Current)

(Prior)

NAIC Company Code

11537

Employer's ID Number

36-4497604

Organized under the Laws of

Michigan

, State of Domicile or Port of Entry

MI

Country of Domicile

United States of America

Licensed as business type:

Health Maintenance Organization

Is HMO Federally Qualified? Yes [☐] No [☒]

Incorporated/Organized

05/23/2002

Commenced Business

01/01/2003

Statutory Home Office

1400 East Michigan Avenue

(Street and Number)

Lansing , MI, US 48912

(City or Town, State, Country and Zip Code)

Main Administrative Office

1400 East Michigan Avenue

(Street and Number)

Lansing , MI, US 48912

(City or Town, State, Country and Zip Code)

517-364-8400

(Area Code) (Telephone Number)

Mail Address

1400 East Michigan Avenue

(Street and Number or P.O. Box)

Lansing , MI, US 48912

(City or Town, State, Country and Zip Code)

Primary Location of Books and Records

1400 East Michigan Avenue

(Street and Number)

Lansing , MI, US 48912

(City or Town, State, Country and Zip Code)

517-364-8400

(Area Code) (Telephone Number)

Internet Website Address

www.phpmichigan.com

Statutory Statement Contact

Erin Flood

(Name)

517-364-8400

(Area Code) (Telephone Number)

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(E-mail Address)

517-364-8407

(FAX Number)

OFFICERS

President & Secretary

Dennis J. Reese

Treasurer

Kevin Essenmacher

Chief Financial Officer and
Chief Operations Officer

George Schneider

OTHER

DIRECTORS OR TRUSTEES

Dennis J. Reese

James Butler III

State of

Michigan

County of

Ingham

SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dennis J. Reese
President & Secretary

George Schneider
Chief Financial Officer and Chief Operations Officer

Kevin Essenmacher
Treasurer

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes [☒] No [☐]
b. If no,
1. State the amendment number.....
2. Date filed
3. Number of pages attached.....

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)			0	
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	6,102,389		6,102,389	5,732,005
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$			0	
encumbrances)				
4.2 Properties held for the production of income (less				
\$			0	
encumbrances)				
4.3 Properties held for sale (less \$			0	
encumbrances)				
5. Cash (\$28,982 , Schedule E - Part 1), cash equivalents				
(\$, Schedule E - Part 2) and short-term				
investments (\$6,266,804 , Schedule DA)	6,295,786		6,295,786	14,085,818
6. Contract loans, (including \$ premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	12,398,175	0	12,398,175	19,817,823
13. Title plants less \$ charged off (for Title insurers				
only)			0	
14. Investment income due and accrued	1,128	0	1,128	441
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	98,750
15.2 Deferred premiums and agents' balances and installments booked but				
deferred and not yet due (including \$				
earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums (\$) and				
contracts subject to redetermination (\$)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	59,341
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset			0	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets				
(\$)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	37,343	0	37,343	913,289
24. Health care (\$0) and other amounts receivable	141,164	141,164	0	3,739,422
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25)	12,577,810	141,164	12,436,646	24,629,066
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts			0	
28. Total (Lines 26 and 27)	12,577,810	141,164	12,436,646	24,629,066
DETAILS OF WRITE-INS				
1101.		0	0	
1102.		0	0	
1103.		0	0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.		0	0	
2502.		0	0	
2503.		0	0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ reinsurance ceded)	45,603	4,397	50,000	6,599,191
2. Accrued medical incentive pool and bonus amounts			0	907,280
3. Unpaid claims adjustment expenses.....			0	119,544
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act			0	
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....			0	
9. General expenses due or accrued.....	841,816		841,816	5,475,474
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	21,086
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....			0	484,727
16. Derivatives.....			0	
17. Payable for securities.....			0	0
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$) companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans.....			0	
23. Aggregate write-ins for other liabilities (including \$ current).....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	887,419	4,397	891,816	13,607,301
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	11,544,831	11,021,765
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$).....	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	11,544,831	11,021,765
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	12,436,647	24,629,066
DETAILS OF WRITE-INS				
2301.		0	0	
2302.		0	0	
2303.		0	0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0
2501.	XXX	XXX	0	
2502.	XXX	XXX	0	
2503.	XXX	XXX	0	
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX	0	
3002.	XXX	XXX	0	
3003.	XXX	XXX	0	
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	0	257,586
2. Net premium income (including \$ non-health premium income)	XXX	1,190,522	88,869,951
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of \$ medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,190,522	88,869,951
Hospital and Medical:			
9. Hospital/medical benefits		703,999	47,764,014
10. Other professional services		5,507	3,714,316
11. Outside referrals			
12. Emergency room and out-of-area		26,124	8,121,266
13. Prescription drugs		(130,314)	14,480,367
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		31,235	897,752
16. Subtotal (Lines 9 to 15)	0	636,551	74,977,715
Less:			
17. Net reinsurance recoveries			298,041
18. Total hospital and medical (Lines 16 minus 17)	0	636,551	74,679,674
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$0 cost containment expenses		0	3,243,171
21. General administrative expenses		302,576	11,498,515
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		0	
23. Total underwriting deductions (Lines 18 through 22).....	0	939,128	89,421,359
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	251,394	(551,408)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		118,399	415,700
26. Net realized capital gains (losses) less capital gains tax of \$		144,185	29,726
27. Net investment gains (losses) (Lines 25 plus 26)	0	262,584	445,426
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	0	0	3,000,000
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	513,978	2,894,018
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	513,978	2,894,018
DETAILS OF WRITE-INS			
0601.	XXX	0	
0602.	XXX	0	
0603.	XXX	0	
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX	0	
0702.	XXX	0	
0703.	XXX	0	
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.	0	0	
1402.		0	
1403.		0	
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901. Sale of Membership	0	0	3,000,000
2902.		0	
2903.		0	
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	3,000,000

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	11,021,765	8,494,340
34. Net income or (loss) from Line 32	513,978	2,894,018
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	110,016	(496,465)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(100,927)	129,872
40. Change in unauthorized and certified reinsurance	0	
41. Change in treasury stock	0	
42. Change in surplus notes	0	
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in	0	
44.2 Transferred from surplus (Stock Dividend).....	0	
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in	0	
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	523,066	2,527,426
49. Capital and surplus end of reporting period (Line 33 plus 48)	11,544,832	11,021,765
DETAILS OF WRITE-INS		
4701.	0	
4702.	0	
4703.	0	
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,268,186	88,882,818
2. Net investment income	117,712	415,259
3. Miscellaneous income	3,245,831	(3,109,132)
4. Total (Lines 1 through 3)	4,631,729	86,188,945
5. Benefit and loss related payments	7,660,477	74,710,271
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,036,317	9,767,275
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	12,696,795	84,477,546
11. Net cash from operations (Line 4 minus Line 10)	(8,065,066)	1,711,399
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	416,756	269,093
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	126,530
12.8 Total investment proceeds (Lines 12.1 to 12.7)	416,756	395,623
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	532,941	695,099
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	126,401
13.7 Total investments acquired (Lines 13.1 to 13.6)	532,941	821,500
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(116,185)	(425,877)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	391,219	(1,233,130)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	391,219	(1,233,130)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(7,790,032)	52,392
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	14,085,818	14,033,427
19.2 End of year (Line 18 plus Line 19.1)	6,295,787	14,085,818

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,190,522	0						1,190,522		
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	1,190,522	0	0	0	0	0	0	1,190,522	0	0
8. Hospital/medical benefits	703,999	5,906						698,093		XXX
9. Other professional services	5,507	46						5,461		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	26,124	219						25,905		XXX
12. Prescription drugs	(130,314)	(1,093)						(129,221)		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	31,235	262						30,973		XXX
15. Subtotal (Lines 8 to 14)	636,551	5,340	0	0	0	0	0	631,211	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total medical and hospital (Lines 15 minus 16).....	636,551	5,340	0	0	0	0	0	631,211	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$0 cost containment expenses	0									
20. General administrative expenses	302,577	2,538						300,039		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	939,128	7,878	0	0	0	0	0	931,250	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	251,394	(7,878)	0	0	0	0	0	259,272	0	0
DETAILS OF WRITE-INS										
0501.	0									XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	0			0
7. Title XIX - Medicaid	1,190,522			1,190,522
8. Other health				0
9. Health subtotal (Lines 1 through 8)	1,190,522	0	0	1,190,522
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	1,190,522	0	0	1,190,522

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	6,894,422	65,739						6,828,683		
1.2 Reinsurance assumed	.0									
1.3 Reinsurance ceded	80,341	.0						80,341		
1.4 Net	6,814,081	65,739	.0	.0	.0	.0	.0	6,748,342	.0	.0
2. Paid medical incentive pools and bonuses	938,513	7,873						930,640		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	50,000	.0	.0	.0	.0	.0	.0	50,000	.0	.0
3.2 Reinsurance assumed	.0									
3.3 Reinsurance ceded	.0									
3.4 Net	50,000	.0	.0	.0	.0	.0	.0	50,000	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	.0									
4.2 Reinsurance assumed	.0									
4.3 Reinsurance ceded	.0									
4.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	.0									
6. Net healthcare receivables (a)	(281,086)	.0						(281,086)		
7. Amounts recoverable from reinsurers December 31, current year	.0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	6,620,190	116,481	.0	.0	.0	.0	.0	6,503,710	.0	.0
8.2 Reinsurance assumed	.0									
8.3 Reinsurance ceded	21,000	.0	.0	.0	.0	.0	.0	21,000	.0	.0
8.4 Net	6,599,190	116,481	.0	.0	.0	.0	.0	6,482,710	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	.0									
9.2 Reinsurance assumed	.0									
9.3 Reinsurance ceded	.0									
9.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year	907,280	14,724						892,556		
11. Amounts recoverable from reinsurers December 31, prior year	59,341	0						59,341		
12. Incurred Benefits:										
12.1 Direct	605,318	(50,742)	.0	.0	.0	.0	.0	656,060	.0	.0
12.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net	605,318	(50,742)	.0	.0	.0	.0	.0	656,060	.0	.0
13. Incurred medical incentive pools and bonuses	31,233	(6,850)	.0	.0	.0	.0	.0	38,084	.0	.0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	2,564	.0						2,564		
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net	2,564	.0	.0	.0	.0	.0	.0	2,564	.0	.0
2. Incurred but Unreported:										
2.1 Direct	47,436	.0						47,436		
2.2 Reinsurance assumed .....	.0									
2.3 Reinsurance ceded .....	.0									
2.4 Net	47,436	.0	.0	.0	.0	.0	.0	47,436	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.0									
3.2 Reinsurance assumed .....	.0									
3.3 Reinsurance ceded .....	.0									
3.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1 Direct	50,000	.0	.0	.0	.0	.0	.0	50,000	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	50,000	0	0	0	0	0	0	50,000	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	65,739	0	0	0	65,739	174,886
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	6,806,998	21,685	0	50,000	6,806,998	6,424,304
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	6,872,737	21,685	0	50,000	6,872,737	6,599,190
10. Healthcare receivables (a)	143,570	0	130,170	0	273,740	533,827
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	938,513	0	0	0	938,513	907,280
13. Totals (Lines 9 - 10 + 11 + 12)	7,667,680	21,685	(130,170)	50,000	7,537,510	6,972,643

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	0	0	0	0	
2.	2012					
3.	2013	XXX	13	50	50	50
4.	2014	XXX	XXX	583	728	728
5.	2015	XXX	XXX	XXX	1,076	1,142
6.	2016	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	0	0	0	0	
2.	2012					
3.	2013	XXX	13	50	50	50
4.	2014	XXX	XXX	583	728	728
5.	2015	XXX	XXX	XXX	1,251	1,142
6.	2016	XXX	XXX	XXX	XXX	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	0			0.0	0	0.0			0	0.0
2. 2013	98	50	1	2.0	51	52.0	0	0	51	52.0
3. 2014	1,749	728	28	3.8	756	43.2	0	0	756	43.2
4. 2015	2,867	1,142	105	9.2	1,247	43.5	0	0	1,247	43.5
5. 2016				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	2,881	2,791	2,718	2,691	2,692
2.	2012	46,143	48,816	49,274	49,273	49,273
3.	2013	XXX	45,440	49,260	49,501	49,540
4.	2014	XXX	XXX	52,297	58,889	59,116
5.	2015	XXX	XXX	XXX	67,158	74,637
6.	2016	XXX	XXX	XXX	XXX	22

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	2,881	2,791	2,691	2,691	2,692
2.	2012	46,143	48,816	49,274	49,273	49,273
3.	2013	XXX	45,440	49,260	49,501	49,540
4.	2014	XXX	XXX	52,297	58,942	59,116
5.	2015	XXX	XXX	XXX	74,437	74,637
6.	2016	XXX	XXX	XXX	XXX	72

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	53,055	49,273	1,206	2.4	50,479	95.1	0	0	50,479	95.1
2. 2013	54,601	49,540	939	1.9	50,479	92.5	0	0	50,479	92.5
3. 2014	65,968	59,116	1,980	3.3	61,096	92.6	0	0	61,096	92.6
4. 2015	86,266	74,641	3,151	4.2	77,792	90.2	0	0	77,792	90.2
5. 2016	1,191	22	120	551.3	141	11.9	50	0	191	16.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	2,881	2,791	2,718	2,691	2,692
2.	2012	46,143	48,816	49,274	49,273	49,273
3.	2013	XXX	45,453	49,310	49,551	49,590
4.	2014	XXX	XXX	52,880	59,617	59,844
5.	2015	XXX	XXX	XXX	68,234	75,779
6.	2016	XXX	XXX	XXX	XXX	22

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	2,881	2,791	2,691	2,691	2,692
2.	2012	46,143	48,816	49,274	49,273	49,273
3.	2013	XXX	45,453	49,310	49,551	49,590
4.	2014	XXX	XXX	52,880	59,670	59,844
5.	2015	XXX	XXX	XXX	75,688	75,779
6.	2016	XXX	XXX	XXX	XXX	72

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	53,055	49,273	1,206	2.4	50,479	95.1	0	0	50,479	95.1
2. 2013	54,699	49,590	940	1.9	50,530	92.4	0	0	50,530	92.4
3. 2014	67,717	59,844	2,008	3.4	61,852	91.3	0	0	61,852	91.3
4. 2015	89,133	75,783	3,256	4.3	79,039	88.7	0	0	79,039	88.7
5. 2016	1,191	22	120	551.3	141	11.9	50	0	191	16.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$) for investment income									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)									
7. Reinsurance ceded									
8. Totals (Net)(Page 3, Line 4)									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net)(Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....									
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)									

(a) Includes \$ premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)					0
2. Salary, wages and other benefits	0	0	23,060	0	23,060
3. Commissions (less \$ ceded plus \$ assumed)					0
4. Legal fees and expenses	0	0	0	0	0
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services					0
7. Traveling expenses					0
8. Marketing and advertising	0	0	1,170	0	1,170
9. Postage, express and telephone					0
10. Printing and office supplies	0	0	1,644	0	1,644
11. Occupancy, depreciation and amortization					0
12. Equipment	0	0	925	0	925
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services	0	0	98,370	0	98,370
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate					0
17. Collection and bank service charges	0	0	22,628	0	22,628
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	139,676	0	139,676
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees	0	0	14,966	0	14,966
23.4 Payroll taxes	0	0	136	0	136
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere	0	0	0	22,312	22,312
25. Aggregate write-ins for expenses	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25)	0	0	302,576	22,312	(a) .....324,889
27. Less expenses unpaid December 31, current year	0	0	841,816	0	841,816
28. Add expenses unpaid December 31, prior year	94,440	25,104	5,475,474	0	5,595,018
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	94,440	25,104	4,936,234	22,312	5,078,091
DETAILS OF WRITE-INS					
2501. 0	0	0	0		0
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated)	133,312	133,312
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5	Contract Loans .....	.....	.....
6	Cash, cash equivalents and short-term investments	(e) 8,086	7,399
7	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	141,398	140,711
11.	Investment expenses .....	.....	(g) 22,312
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g) 0
13.	Interest expense .....	.....	(h)
14.	Depreciation on real estate and other invested assets .....	.....	(i)
15.	Aggregate write-ins for deductions from investment income .....	.....	0
16.	Total deductions (Lines 11 through 15) .....	.....	22,312
17.	Net investment income (Line 10 minus Line 16)	.....	118,399
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)	.....	0

- (a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$. investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	0	0	0	0	0
1.1	Bonds exempt from U.S. tax .....	.....	.....	0	.....	.....
1.2	Other bonds (unaffiliated)	0	0	0	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	144,184	0	144,184	110,016	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans .....	.....	0	0	0	0
4.	Real estate .....	.....	0	0	.....	0
5.	Contract loans .....	.....	.....	0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	0	.....	.....
7.	Derivative instruments .....	.....	.....	0	.....	.....
8.	Other invested assets .....	.....	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	144,184	0	144,184	110,016	0
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection		0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers		0	0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable	141,164	40,237	(100,927)
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	141,164	40,237	(100,927)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	141,164	40,237	(100,927)
DETAILS OF WRITE-INS			
1101.		0	0
1102.		0	0
1103.		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. PREPAIDS		0	0
2502.		0	0
2503.		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	21,584					
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	21,584	0	0	0	0	0
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

NOTE 1
Summary of Significant Accounting Policies
1.Summary of Significant Accounting Policies
A.Accounting Practices

The financial statements of Sparrow PHP are presented on the basis of accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS). Effective December 31, 2015 Sparrow PHP sold 100 percent of membership to an unaffiliated health plan.

DIFS recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

A reconciliation of Sparrow PHP's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
(1) State basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	513,978	2,894,018
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:					
(3) State Permitted Practices that increase/(decrease) NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	513,978	2,894,018
SURPLUS					
(5) State basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	11,544,831	11,021,765
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:					
(7) State Permitted Practices that increase/(decrease) NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	11,544,831	11,021,765

B. Use of Estimates
In preparing the financial statements in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- 1. Short term investments are stated at amortized cost or at market value depending upon the respective investment.
- 2. Bonds
Not applicable
- 3. Common stocks are stated at market value.
- 4. Preferred stocks
Not applicable
- 5. Mortgage loans
Not applicable
- 6. Loan-backed securities
Not applicable
- 7. Investments in subsidiaries, controlled and affiliated companies
Not applicable
- 8. Investments in joint ventures, partnerships and limited liability companies
Not applicable
- 9. Derivatives
Not applicable
- 10. Premium deficiency reserves
Not applicable
- 11. Estimating the liabilities for losses and loss/claim adjustment expenses: Estimates on unpaid losses are based upon the plan's past experience, individual case estimates and an estimate for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. Loss/claim adjustment expenses related to claims are accrued based on estimates of expenses to process those claims.
- 12. Sparrow PHP has not modified its capitalization from the prior period.
- 13. Pharmaceutical rebate receivable
Not applicable

STATEMENT AS OF DECEMBER 31, 2016 OF THE SPARROW PHP

D. Going Concern
The principle conditions of our current environment that would raise doubt as to the ability of the plan to continue as a going concern would include the wind down of the Sparrow PHP subsequent to the loss of membership as of December 31, 2015. While potentially significant, Management has developed plans to alleviate the potential for going concern gaining approval for the merger of Sparrow PHP into Physicians Health Plan during the year ended December 31, 2017.

NOTE 2
Accounting Changes and Corrections of Errors

Not Applicable

NOTE 3
Business Combinations and Goodwill

Not Applicable

NOTE 4
Discontinued Operations

Not Applicable

NOTE 5
Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans
Not Applicable

B. Debt Restructuring
Not Applicable

C. Reverse Mortgages
Not Applicable

D. Loan-Backed Securities
Not Applicable

E. Repurchase Agreements and/or Securities Lending Transactions
Not Applicable

F. Writedowns for Impairments of Real Estate and Retail Land Sales
Not Applicable

G. Low Income Housing Tax Credits
Not Applicable

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown 0	.....	..... 0	..... 0.000	..... 0.000
b. Collateral held under security lending agreements 0	.....	..... 0	..... 0.000	..... 0.000
c. Subject to repurchase agreements 0	.....	..... 0	..... 0.000	..... 0.000
d. Subject to reverse repurchase agreements 0	.....	..... 0	..... 0.000	..... 0.000
e. Subject to dollar repurchase agreements 0	.....	..... 0	..... 0.000	..... 0.000
f. Subject to dollar reverse repurchase agreements 0	.....	..... 0	..... 0.000	..... 0.000
g. Placed under option contracts 0	.....	..... 0	..... 0.000	..... 0.000
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock 0	.....	..... 0	..... 0.000	..... 0.000
i. FHLB capital stock 0	.....	..... 0	..... 0.000	..... 0.000
j. On deposit with states .....	. 1,145,785	. 1,146,001	..... (216)	.....	. 1,145,785	..... 9.110	..... 9.213
k. On deposit with other regulatory bodies 0	.....	..... 0	..... 0.000	..... 0.000
l. Pledged collateral to FHLB (including assets backing funding agreements) 0	.....	..... 0	..... 0.000	..... 0.000
m. Pledged as collateral not captured in other categories 0	.....	..... 0	..... 0.000	..... 0.000
n. Other restricted assets 0	.....	..... 0	..... 0.000	..... 0.000
o. Total Restricted Assets .....	. 1,145,785	. 1,146,001	..... (216)	..... 0	. 1,145,785	..... 9.110	..... 9.213

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 3, Line 28

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)
Not Applicable

3. Detail of Other Restricted Assets (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)
Not Applicable

4. Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements
Not Applicable

I. Working Capital Finance Investments
Not Applicable

J. Offsetting and Netting of Assets and Liabilities
Not Applicable

K. Structured Notes
Not Applicable

STATEMENT AS OF DECEMBER 31, 2016 OF THE SPARROW PHP

J. 5* Securities
Not Applicable

NOTE 6
Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

NOTE 7
Investment Income

A. Accrued Investment Income
The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Non-admitted
Not applicable.

NOTE 8
Derivatives Instruments

Not Applicable

NOTE 9
Income Taxes

Sparrow PHP is exempt from federal income taxes as an organization described under Section 501(c) (4) of the Internal Revenue Code.

NOTE 10
Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A, B, C, D, E, F, G

Sparrow PHP is solely owned by PHP, an HMO organized under the laws of the state of Michigan, and is a controlled entity of Sparrow Health System (“SHS”).

Substantially all administrative services are provided by PHP. Sparrow PHP pays PHP for certain administrative expenses incurred by PHP, which totaled \$373,656 in 2016 and \$5,812,174 in 2015.

Amounts due from affiliates are \$0 and \$913,289 at 12/31/2016 and 12/31/2015, respectively. Amounts due from affiliates of \$37,343 at 12/31/2016, and \$484,727 at 12/31/2015, were related to amounts owed under the management agreements.

H. Amount Deducted for Investments in Upstream Company
None

I. Detail of Investment in Affiliates Greater than 10% of Admitted Assets
None

J. Write-down for Impairments of Investments in Affiliates
None

K. Foreign Subsidiary Valued Using CARVM
None

L. Downstream Holding Company Valued Using Look-Through Method
None

M. All SCA Investments
None

N. Investment in Insurance SCAs
None

NOTE 11
Debt

Not Applicable

NOTE 12
Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not Applicable

NOTE 13
Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

Not Applicable

NOTE 14
Liabilities, Contingencies and Assessments

Not Applicable

NOTE 15
Leases

Not Applicable

NOTE 16
Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

NOTE 17
Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable

NOTE 18
Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

STATEMENT AS OF DECEMBER 31, 2016 OF THE SPARROW PHP

NOTE 19
Direct Premium Written / Produced by Managing General Agents / Third Party Administrators

Not Applicable

NOTE 20
Fair Value Measurement

- A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value
(1) Items Measured at Fair Value by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are reported on the balance sheet at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks and mutual funds. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are therefore classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category, for items measured at fair value on a recurring basis, includes bonds which are not exchange traded and common stock of a subsidiary which is valued using an adjusted market method. The estimated fair values of some of these bonds were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded. The Company has no Level 2 assets or liabilities.

Level 3 - Significant Unobservable Inputs: The Company has no Level 3 assets or liabilities.

Table with 5 columns: Description for each class of asset or liability, (Level 1), (Level 2), (Level 3), Total. Rows include Mutual Funds, Short-Term Investments, and Total assets at fair value.

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

No transfers between Levels 1 and 2 occurred during the current year.

- (2) Roll forward of Level 3 Items

The Company has no assets or liabilities measured at fair value in the Level 3 category.

- (3) Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

- (4) Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 2 or 3 categories.

- (5) Derivative Fair Values

Not Applicable

B. Other Fair Value Disclosures

Not Applicable

C.Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Table with 7 columns: Type of Financial Instrument, Aggregate Fair Value, Admitted Assets, (Level 1), (Level 2), (Level 3), Not Practicable (Carrying Value). Rows include Mutual Funds and Short-Term Investments.

- D.Not Practicable to Estimate Fair Value
Not applicable

NOTE 21
Other Items

- A. Extraordinary Items
Effective December 31, 2015 Sparrow PHP sold 100 percent of membership to an unaffiliated health plan.

- B. Troubled Debt Restructuring for Debtors
Not Applicable

- C. Other Disclosures
Not Applicable

- D. Business Interruption Insurance Recoveries
Not Applicable

- E. State Transferable and Non-Transferable Tax Credits
Not Applicable

- F. Subprime Mortgage Related Risk Exposure
Not Applicable

- G. Retained Assets
Not Applicable

- H. Insurance-Linked Securities (ILS) Contracts
Not Applicable

STATEMENT AS OF DECEMBER 31, 2016 OF THE SPARROW PHP

NOTE 22
Events Subsequent

Type II - Nonrecognized Subsequent Events:

The merger of Sparrow PHP and Physicians Health Plan was approved contingent upon the proper notification and approval of the Board of Directors. This approval was granted as of the February 2017 meeting. Formal notification of the Department of Insurance and Financial Services is forthcoming.

	Current Year	Prior Year
A.Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	NO	
B.ACA fee assessment payable for the upcoming year	\$ 11,544,831	\$
C.ACA fee assessment paid	\$	\$
D.Premium written subject to ACA 9010 assessment	\$	\$
E.Total Adjusted Capital before surplus adjustment	\$ 11,544,831	
(Five-Year Historical Line 14)		
F.Total Adjusted Capital after surplus adjustment	\$ 11,534,811	
(Five-Year Historical Line 14 minus 22B above)		
G.Authorized Control Level	\$ 1,189,188	
(Five-Year Historical Line 15)		
H.Would reporting the ACA assessment as of Dec. 31, 2016 have triggered an RBC action level (YES/NO)?	No	

Note 23
Reinsurance

- A. Ceded Reinsurance Report
Section 1 General Interrogatories
(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (x)
(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (x)
Section 2 Ceded Reinsurance Report - Part A.
(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credit?
Yes () No (x)
(2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsured of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (x)
Section 3 Ceded Reinsurance Report - Part B.
(1) What is the estimated amount of the aggregate reduction in surplus, for agreements, not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.00
(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement to include policies or contracts which were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (x)
B. Uncollectible Reinsurance
Not Applicable
C. Commutation of Ceded Reinsurance
Not Applicable
D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation
Not Applicable

STATEMENT AS OF DECEMBER 31, 2016 OF THE SPARROW PHP

NOTE 24

Retrospectively Rated Contracts & Contracts Subject to Redetermination

A-C. The Company does not participate in traditional retrospectively rated contracts.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act.
Not applicable

(1)Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)? Yes [] No [X]

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year
AMOUNT

a.Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment .....	.....
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment .....	.....
3. Premium adjustments payable due to ACA Risk Adjustment .....	.....
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment .....	.....
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid) .....	.....
b.Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance .....	.....
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) .....	.....
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance .....	.....
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium .....	.....
5. Ceded reinsurance premiums payable due to ACA Reinsurance .....	.....
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance .....	.....
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance .....	.....
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments .....	.....
9. ACA Reinsurance contributions – not reported as ceded premium .....	.....
c.Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors .....	.....
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors .....	.....
Operations (Revenue & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received) .....	.....
4. Effect of ACA Risk Corridors on change in reserves for rate credits .....	.....

STATEMENT AS OF DECEMBER 31, 2016 OF THE SPARROW PHP

(3)Roll forward of prior year ACA risk sharing provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable					0	0			A	0	0
2. Premium adjustments (payable)					0	0			B	0	0
3. Subtotal ACA Permanent Risk Adjustment Program	0	0	0	0	0	0	0	0		0	0
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid					0	0			C	0	0
2. Amounts recoverable for claims unpaid (contra liability)					0	0			D	0	0
3. Amounts receivable relating to uninsured plans					0	0			E	0	0
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium					0	0			F	0	0
5. Ceded reinsurance premiums payable					0	0			G	0	0
6. Liability for amounts held under uninsured plans					0	0			H	0	0
7. Subtotal ACA Transitional Reinsurance Program	0	0	0	0	0	0	0	0		0	0
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium					0	0			I	0	0
2. Reserve for rate credits or policy experience rating refunds					0	0			J	0	0
3. Subtotal ACA Risk Corridors Program	0	0	0	0	0	0	0	0		0	0
d. Total for ACA Risk Sharing Provisions	0	0	0	0	0	0	0	0		0	0

Explanations of Adjustments
Not Applicable

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium					0	0			A	0	0
2. Reserve for rate credits or policy experience rating refunds					0	0			B	0	0
b. 2015											
1. Accrued retrospective premium					0	0			C	0	0
2. Reserve for rate credits or policy experience rating refunds					0	0			D	0	0
c. 2016											
1. Accrued retrospective premium					0	0			E	0	0
2. Reserve for rate credits or policy experience rating refunds					0	0			F	0	0
d. Total for Risk Corridors	0	0	0	0	0	0	0	0		0	0

Explanations of Adjustments
Not Applicable

(5) ACA Risk Corridors Receivable as of Reporting Date

	1	2	3	4	5	6
Risk Corridors Program Year	Estimated Amount to be Filed or Final Amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts received from CMS	Asset Balance (Gross of Non-admissions) (1-2-3)	Non-admitted Amount	Net Admitted Asset (4 - 5)
a. 2014				0		0
b. 2015				0		0
c. 2016				0		0
d. Total (a + b + c)	0	0	0	0	0	0

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)
24E(5)d (Column 6) should equal 24E(2)c1

STATEMENT AS OF DECEMBER 31, 2016 OF THE SPARROW PHP

Note 25
Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2016 were \$50,000. As of December 31, 2016, \$6.8 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$0 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been favorable prior-year development of approximately \$40,207 since December 31, 2015 to December 31, 2016. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates increase or decrease, as additional information becomes known regarding individual claims.

Note 26
Intercompany Pooling Arrangements

Not Applicable

Note 27
Structured Settlements

Not Applicable

NOTE 28
Health Care Receivables

- A. Healthcare receivables include pharmacy rebates Sparrow PHP receives from third party vendors. These rebates are calculated using estimates based on per claim guarantee calculations, historical rebate trends and membership. Activity for the previous three years is summarized as follows:

Date	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2016	..... 0	..... 0	..... 0	..... 0	..... 0
.....					
09/30/2016	..... 0	..... 0	..... 0	..... 0	..... 0
.....					
06/30/2016	..... 0	..... 0	..... 0	..... 0	..... 0
.....					
03/31/2016	..... 0	..... 0	..... 0	..... 0	..... 0
.....					
12/31/2015	..... 113	..... 113	..... 108	..... 15	..... 1
.....					
09/30/2015	..... 115	..... 115	..... 114	..... 21	..... 0
.....					
06/30/2015	..... 142	..... 142	..... 0	..... 142	..... 0
.....					
03/31/2015	..... 65	..... 65	..... 65	..... 0	..... (1)
.....					
12/31/2014	..... 62	..... 62	..... 0	..... 114	..... 0
.....					
09/30/2014	..... 62	..... 62	..... 62	..... 0	..... 0
.....					
06/30/2014	..... 62	..... 62	..... 0	..... 62	..... 0
.....					
03/31/2014	..... 62	..... 62	..... 0	..... 62	..... (1)
.....					

Note 29
Participating Policies

Not Applicable

Note 30
Premium Deficiency Reserves

Not Applicable

Note 31
Anticipated Salvage and Subrogation

Not Applicable

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State Regulating?

Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2015

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2015

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/06/2016

3.4

By what department or departments?
Department of Insurance and Financial Services

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [] N/A []

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes [] No [X]
Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes [] No [X]
Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1	2
Nationality	Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
.....

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
ERNST & YOUNG LLP, SUITE 1000, ONE KENNEDY SQUARE, 777 WOODWARD AVENUE, DETROIT, MI 48226
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []
- 10.6

If the response to 10.5 is no or n/a, please explain
.....
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Erik C. Huth, FSA, MAAA, Brookfield, WI (Milliman)
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved
- 12.13

Total book/adjusted carrying value

\$
- 12.2

If, yes provide explanation:
.....
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No [X]
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A [X]
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [] No [X]
- (a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c)

Compliance with applicable governmental laws, rules and regulations;
- (d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e)

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is No, please explain:
.....
- 14.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
.....
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).
.....

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- Yes [] No [X]

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person?
- Yes [X] No []
- Yes [X] No []
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers
- 20.12 To stockholders not officers
- 20.13 Trustees, supreme or grand (Fraternal Only)
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers
- 20.22 To stockholders not officers
- 20.23 Trustees, supreme or grand (Fraternal Only)
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others
- 21.22 Borrowed from others
- 21.23 Leased from others
- 21.24 Other
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes [] No [X]
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- Yes [] No [X]
- \$
- \$
- \$
- Yes [X] No []
- \$
- 37,343

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- 24.02 If no, give full and complete information relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending?
- Yes [X] No []
- No []
- N/A [X]
- Yes [] No [] N/A [X]
- \$
- \$
- Yes [] No [] N/A [X]
- Yes [] No [] N/A [X]
- Yes [] No [] N/A [X]

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.103	Total payable for securities lending reported on the liability page.	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	
		25.22 Subject to reverse repurchase agreements	\$	
		25.23 Subject to dollar repurchase agreements	\$	
		25.24 Subject to reverse dollar repurchase agreements	\$	
		25.25 Placed under option agreements	\$	
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	
		25.27 FHLB Capital Stock	\$	
		25.28 On deposit with states	\$	1,145,785
		25.29 On deposit with other regulatory bodies	\$	
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	
		25.32 Other	\$	

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
BNY Mellon	One Mellon Center, Pittsburgh, PA 15259-001

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1	2
Name of Firm or Individual	Affiliation
SEI	U.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?..... Yes [X] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?..... Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
105146	SEI Investment Mgt Corp. ....	.....	SEC	DS.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 - Total		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	6,266,804	6,266,804	0
30.2 Preferred stocks	0		0
30.3 Totals	6,266,804	6,266,804	0

30.4 Describe the sources or methods utilized in determining the fair values:
NAIC Accounting Practices

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:
.....

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any?\$0

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$0

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$0

1.6

Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

1,190,522

88,869,951

2.2 Premium Denominator

1,190,522

88,869,951

2.3 Premium Ratio (2.1/2.2)

1.000

1.000

2.4 Reserve Numerator

50,000

6,599,191

2.5 Reserve Denominator

50,000

7,506,470

2.6 Reserve Ratio (2.4/2.5)

1.000

0.879

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [] No [X]

5.2

If no, explain:
Incurred claims in the current year are only related to members admitted as of year end. There was no membership as of January 1, 2016.

5.3

Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental & Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
None

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

0

8.2 Number of providers at end of reporting year

0

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months.

\$

9.22 Business with rate guarantees over 36 months

\$

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [] No [X]

10.2

If yes:

10.21

Maximum amount payable bonuses.....

\$

10.22

Amount actually paid for year bonuses.....

\$

10.23

Maximum amount payable withholds.....

\$

10.24

Amount actually paid for year withholds.....

\$

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [] No [X]

11.13

An Individual Practice Association (IPA), or, ..

Yes [] No [X]

11.14

A Mixed Model (combination of above)?

Yes [] No [X]

11.2

Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [X] No []

11.3

If yes, show the name of the state requiring such minimum capital and surplus.

Michigan

11.4

If yes, show the amount required.

\$ 2,378,376

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6

If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Michigan
.....

13.1

Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$

13.3

Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4

If yes, please provide the balance of funds administered as of the reporting date.

\$

14.1

Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?

Yes [] No [X] N/A []

14.2

If the answer to 14.1 is yes, please provide the following:

1	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
Company Name						
.....						

15.

Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

15.1

Direct Premium Written

\$

15.2

Total Incurred Claims

\$

15.3

Number of Covered Lives

.....

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurantee)
Universal Life (with or without secondary gurantee)
Variable Universal Life (with or without secondary gurantee)

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	12,436,646	24,629,066	21,114,174	16,814,929	13,458,463
2. Total liabilities (Page 3, Line 24)	891,816	13,607,301	12,619,834	9,086,949	7,200,915
3. Statutory minimum capital and surplus requirement	2,378,376	7,113,977	5,824,488	0	5,052,944
4. Total capital and surplus (Page 3, Line 33)	11,544,831	11,021,765	8,494,340	7,727,980	6,257,548
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,190,522	88,869,951	67,506,682	54,326,662	52,953,117
6. Total medical and hospital expenses (Line 18)	636,551	74,679,674	57,944,560	49,710,611	47,508,540
7. Claims adjustment expenses (Line 20)	0	3,243,171	2,008,743	940,938	1,195,673
8. Total administrative expenses (Line 21)	302,576	11,498,515	7,118,881	3,308,370	4,915,714
9. Net underwriting gain (loss) (Line 24)	251,394	(551,408)	434,498	366,743	(666,810)
10. Net investment gain (loss) (Line 27)	262,584	445,426	418,806	431,487	149,149
11. Total other income (Lines 28 plus 29)	0	3,000,000	0	0	0
12. Net income or (loss) (Line 32)	513,978	2,894,018	853,304	798,230	(517,661)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(8,065,066)	1,711,399	3,335,608	3,613,735	(1,871,044)
Risk-Based Capital Analysis					
14. Total adjusted capital	11,544,831	11,021,765	8,494,340	7,727,980	6,257,548
15. Authorized control level risk-based capital	1,189,188	3,556,989	2,912,244	2,624,983	2,526,472
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	0	21,584	19,753	17,585	17,981
17. Total members months (Column 6, Line 7)	0	257,586	230,243	208,688	215,907
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	53.5	84.0	85.8	91.5	89.7
20. Cost containment expenses	0.0	2.9	2.4	1.2	1.5
21. Other claims adjustment expenses	0.0	0.8	0.6	0.5	0.7
22. Total underwriting deductions (Line 23)	78.9	100.6	99.4	99.3	101.3
23. Total underwriting gain (loss) (Line 24)	21.1	(0.6)	0.6	0.7	(1.3)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	7,537,510	6,795,902	4,102,624	2,853,766	2,839,728
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	6,972,643	6,952,826	5,738,977	3,712,945	4,134,317
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)				0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)		0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)			0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []

If no, please explain:

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE SPARROW PHP

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
States, etc.	1	Direct Business Only								
		2	3	4	5	6	7	8	9	
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama	AL	N						0		
2. Alaska	AK	N						0		
3. Arizona	AZ	N						0		
4. Arkansas	AR	N						0		
5. California	CA	N						0		
6. Colorado	CO	N						0		
7. Connecticut	CT	N						0		
8. Delaware	DE	N						0		
9. District of Columbia	DC	N						0		
10. Florida	FL	N						0		
11. Georgia	GA	N						0		
12. Hawaii	HI	N						0		
13. Idaho	ID	N						0		
14. Illinois	IL	N						0		
15. Indiana	IN	N						0		
16. Iowa	IA	N						0		
17. Kansas	KS	N						0		
18. Kentucky	KY	N						0		
19. Louisiana	LA	N						0		
20. Maine	ME	N						0		
21. Maryland	MD	N						0		
22. Massachusetts	MA	N						0		
23. Michigan	MI	L	0	1,190,522				1,190,522		
24. Minnesota	MN	N						0		
25. Mississippi	MS	N						0		
26. Missouri	MO	N						0		
27. Montana	MT	N						0		
28. Nebraska	NE	N						0		
29. Nevada	NV	N						0		
30. New Hampshire	NH	N						0		
31. New Jersey	NJ	N						0		
32. New Mexico	NM	N						0		
33. New York	NY	N						0		
34. North Carolina	NC	N						0		
35. North Dakota	ND	N						0		
36. Ohio	OH	N						0		
37. Oklahoma	OK	N						0		
38. Oregon	OR	N						0		
39. Pennsylvania	PA	N						0		
40. Rhode Island	RI	N						0		
41. South Carolina	SC	N						0		
42. South Dakota	SD	N						0		
43. Tennessee	TN	N						0		
44. Texas	TX	N						0		
45. Utah	UT	N						0		
46. Vermont	VT	N						0		
47. Virginia	VA	N						0		
48. Washington	WA	N						0		
49. West Virginia	WV	N						0		
50. Wisconsin	WI	N						0		
51. Wyoming	WY	N						0		
52. American Samoa	AS	N						0		
53. Guam	GU	N						0		
54. Puerto Rico	PR	N						0		
55. U.S. Virgin Islands	VI	N						0		
56. Northern Mariana Islands	MP	N						0		
57. Canada	CAN	N						0		
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	
59. Subtotal	XXX	0	0	1,190,522	0	0	0	1,190,522	0	
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	(a) 1	0	0	1,190,522	0	0	0	1,190,522	0	
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	

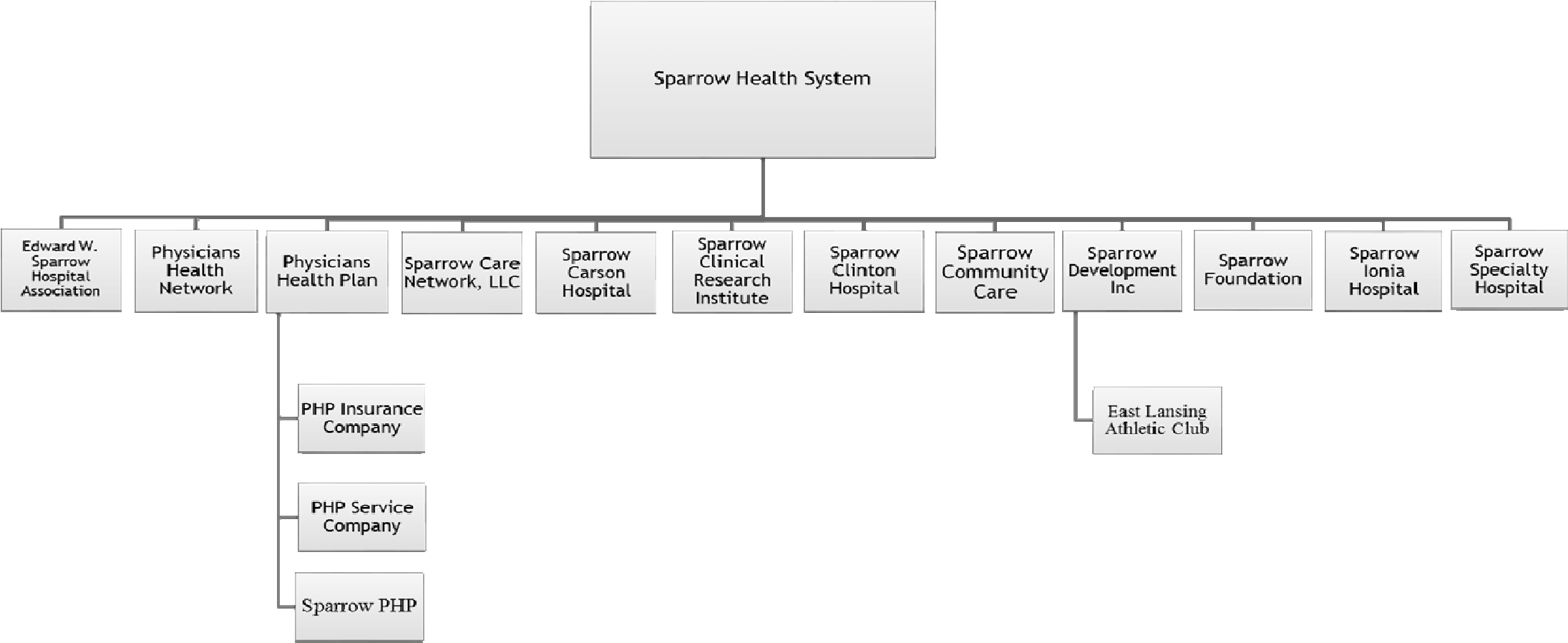
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

Physicians Health Plan is only licensed in Michigan, therefore 100% is allocated to Michigan.

(a) Insert the number of L responses except for Canada and Other Alien.

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